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THE C.I.A. AND PAGE AIRWAYS

THE CASE OF THE FLYING SPIES

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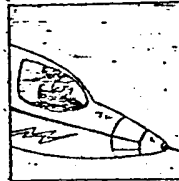
Two weeks ago, the House Select Committee on Intelligence held hearings on the gunrunning operations of two former Central Intelligence Agency employees, Edwin Wilson and Frank Terpil. Although the case has raised questions about the C.I.A.'s complicity with the pair [see Waas, "The Terpil Transcripts," and editorial, "The C.I.A. and the Rogue Agents," *The Nation*, November 28, 1981], the committee focused on the agency's internal investigations of the high-ranking intelligence officials who had business dealings with the two former agents. Now, previously undisclosed records in a legal action involving an aircraft company with suspected connections to the C.I.A. and Israeli intelligence throw new light on the Wilson-Terpil affair and the C.I.A.'s knowledge of it.

On April 8, 1980, the Securities and Exchange Commission quietly settled a two-year-old lawsuit against Page Airways, a Rochester, New York, firm. The commission had charged Page and its top executives with making more than \$2.5 million in bribe payments and illegal currency transactions to officials of foreign governments in connection with overseas aircraft sales. In its announcement of the settlement, the S.E.C. said, "Nothing in the settlement constitutes evidence of or any admission with respect to the allegations of the commission's complaint."

Spokesmen for both the commission and Page Airways declined to comment at the time about why the lawsuit had been settled so suddenly. In its statement, however, the S.E.C. made a cryptic allusion to "concerns raised by another

agency of the United States government of national interest."

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cess points to the identity of that "concerned" government agency. It was the Central Intelligence Agency. The evidence suggests that the C.I.A. feared that if the case went to trial, a highly sensitive intelligence operation would be compromised. The court records do not specify the particular operation that had the agency worried, but they do show that Page had dealings with an Israeli intelligence agent. This agent has been identified as the mastermind of an operation directed against Libya's Col. Muammar el-Qaddafi by the Mossad, an Israeli intelligence agency.

A few years ago, the Mossad pulled off a characteristically bold coup. Through Zimex Aviation, an aircraft firm it secretly owned in Zurich, it had sold the Libyan dictator an executive jet for his personal use. Under the sales agreement, Zimex provided flight crews and pilots, several of whom were Israeli agents, for the Grumman Gulfstream II. Eavesdropping devices were also planted aboard the plane, and these subsequently recorded Qaddafi's conversations with his advisers and Arab leaders. From these conversations the Israelis learned of Qaddafi's efforts to purchase atomic weapons and his fruitless attempts to gain possession of the eight C-130 transport planes that Libya had purchased from Lockheed and that the State Department had impounded.

These revelations about the Israelis' spying mission and the settlement of the Page Airways lawsuit raise questions for the Congressional investigators in the Wilson-Terpil case. The C.I.A.'s review of its own handling of the affair concluded that there had been no misconduct by two high-level agency officials who had cooperated with Wilson and Terpil. But as I shall show, Terpil's involvement with another Zimex-Mossad operation should have tipped off the C.I.A. to his arms transactions. Yet the agency took no action.

This brings up the question of whether Wilson and Terpil were acting in a secret capacity for the C.I.A. The agency has denied any ties with the pair, terming them "rogue agents." It has said that it could not have been involved because the arms sales to Qaddafi were illegal. Yet Page Airways' overseas bribery policies were also illegal, and the agency did not expose them, even though it was aware of them, and it did not hesitate to ask the Securities and Exchange Commission to quash its investigation.

Page Airways has admitted engaging in illegal operations

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